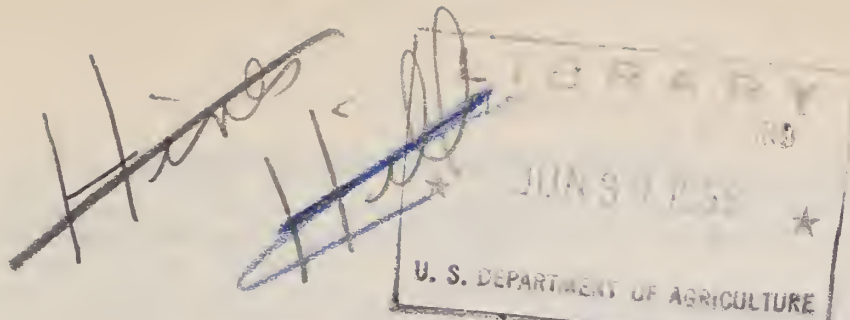


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February 1958

FOR RELEASE
FEB. 26, P.M.

The DEMAND and PRICE SITUATION

DPS-38



Approved by the Outlook and Situation Board, February 20, 1958

SUMMARY

The gross national product in the last quarter of 1957 was down 1 1/2 percent from the peak third quarter rate as businessmen sharply reduced their investment in inventories and consumers reduced expenditures a little. In January, unemployment moved up sharply as further cutbacks were made in the output of most industries. The rate of consumer income was unchanged and retail sales showed some increase over December, after seasonal adjustment. Construction activity continued at near-record levels. Urban consumer prices in December equaled the November peak and wholesale prices in January reached a new high. The increase from December to January was largely in prices of farm products and processed foods.

Prices received by farmers in mid-January were up 2 percent from December and 4 percent from a year earlier. Prices for commercial vegetables rose nearly 40 percent in January as the prolonged period of adverse weather in Florida and Texas sharply curtailed marketings. Meat animal prices, continuing the trend of the last quarter of 1957, were up 5 percent from December and a fifth from a year earlier. Marketings of cattle and hogs were moderately lower than in the winter of 1957. Price declines occurred for eggs, dairy products, cotton and corn.

Prices paid by farmers, including interest, taxes and farm wage rates, continued to move up in January to a new all-time high. The parity ratio in mid-January was 82, up one point from mid-December and the same as in January 1957.

(Continued on page 3)

Published monthly by
AGRICULTURAL MARKETING SERVICE
UNITED STATES DEPARTMENT OF AGRICULTURE

ECONOMIC FACTORS AFFECTING AGRICULTURE

Item	Unit or base period	1957					1958
		Year	Jan.	Oct.	Nov.	Dec.	Jan.
Industrial production: Seasonally adj. <u>1/</u>							
Total	1947-49=100	143	146	141	139	136	133
All manufactures	do.	144	147	142	141	137	135
Durable goods	do.	159	164	154	153	147	143
Nondurable goods	do.	130	131	130	128	127	126
Minerals	do.	128	131	128	122	122	122
Construction:							
Total outlays, seasonally adjusted <u>2/</u>	Mil. dol.	47,255	3,922	4,064	4,043	4,051	4,039
Private residential	Mil. dol.	16,571	1,411	1,414	1,434	1,444	1,382
Housing starts <u>3/ 4/</u>	Thousands	1,041	962	1,020	1,010	970	1,030
Construction contracts awarded <u>5/</u>	Mil. dol.		2,300	2,614	2,371		
Manufacturers' sales and inventories: <u>2/</u>							
Total sales, seasonally adjusted	Mil. dol.	28,384	29,956	28,064	27,221	26,684	
Durable goods	Mil. dol.	14,158	14,941	13,932	13,548	13,076	
Unfilled orders-sales ratio <u>6/</u>		3.42	4.08	3.63	3.65	3.71	
Inventory-sales ratio <u>7/</u>		1.89	1.75	1.93	1.98	2.01	
Durable goods		2.21	2.05	2.28	2.33	2.39	
Employment and wages: <u>8/</u>							
Total civilian employment <u>9/</u>	Millions	65.3	62.6	66.0	64.9	64.4	62.2
Nonagricultural <u>9/</u>	do.	59.0	57.6	59.2	59.1	59.0	57.2
Unemployment <u>9/</u>	do.	2.7	3.2	2.5	3.2	3.4	4.5
Workweek in manufacturing	Hours	39.8	40.2	39.5	39.3	39.4	38.7
Hourly earnings in manufacturing	Dollars	2.07	2.05	2.09	2.11	2.10	2.10
Income and spending:							
Personal income payments <u>2/ 3/</u>	Bil. dol.	342.8	335.9	345.9	345.4	343.6	343.6
Consumer credit outstanding <u>1/</u>	Mil. dol.	44,800	41,138	43,274	43,530	44,798	
Automobile	Mil. dol.	15,500	14,410	15,579	15,542	15,496	
Total retail sales, seasonally adj. <u>2/</u>	Mil. dol.	16,651	16,295	16,714	16,562	16,855	16,973
Durable goods	Mil. dol.	5,705	5,706	5,612	5,606	5,588	5,620
Inventory-sales ratio <u>7/</u>		1.45	1.47	1.45	1.47	1.45	
Prices:							
Wholesale prices, all commodities <u>4/</u>	1947-49=100	118	117	118	118	118	119
Commodities other than farm and food	do.	126	125	126	126	126	126
Farm products	do.	91	89	92	92	93	94
Foods processed	do.	106	104	106	106	107	109
Consumer price index, all items <u>4/</u>	1947-49=100	120	118	121	122	122	
Food	do.	115	113	116	116	116	
Prices received by farmers <u>10/</u>	1910-14=100	242	238	240	242	242	247
Crops	do.	234	238	224	224	218	225
Livestock and products	do.	249	238	254	258	264	267
Prices paid, interest, taxes and wage rates <u>10/</u>	1910-14=100	296	292	296	298	299	301
Family living items	do.	286	283	286	289	289	289
Production items	do.	258	255	258	260	263	264
Parity ratio <u>10/</u>		82	82	81	81	81	82
Farm income and marketings: <u>10/</u>							
Volume of farm marketings	1947-49=100	116	120	167	151	131	
Cash receipts from farm marketings	Mil. dol.	30,019	2,571	3,510	3,205	2,933	

1/ Federal Reserve Board. 2/ U. S. Department of Commerce. 3/ Seasonally adjusted annual rates. 4/ U. S. Department of Labor, Bureau of Labor Statistics. 5/ Data published by the Department of Commerce in the Survey of Current Business, from reports of the F. W. Dodge Corporation. 6/ Unfilled orders for durables divided by monthly deliveries. 7/ Inventories, book value, end of month, divided by sales. 8/ Bureau of the Census. 9/ Starting with January 1957, figures are not strictly comparable with earlier periods because of changes in definitions of employment and unemployment. 10/ U. S. Department of Agriculture, Agricultural Marketing Service.

Annual data for most of these items for the years 1929, 1932 and 1939-56 appear on page 31 of the April 1957 issue of The Demand and Price Situation.

T H E D E M A N D A N D P R I C E S I T U A T I O N

Approved by the Outlook and Situation Board, February 20, 1958

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With a wet fall and delayed marketings of many crops, crop inventories on farms on January 1 were appreciably larger than a year ago, especially of feed grains, soybeans and cotton. Thus, cash receipts from farm marketings in 1957 were about 1 percent smaller than in 1956. Although higher Soil Bank payments in 1957 more than offset the decline in cash receipts, the continued rise in production expenses last year resulted in a decline in realized net income from 12.1 billion dollars in 1956 to about 11.5 billions in 1957. This decline was more than had been anticipated previously. Net farm income, which allows for the value of the large inventory increase in 1957, however, rose from 11.6 billion dollars in 1956 to 12.1 billions. With the farm population sharply reduced in 1957, per capita income of farm people from all sources rose some 10 percent from 1956 to 1957 and was at a record high.

Cash receipts from farm marketings in January were about the same as a year earlier. Receipts from livestock and products were about a tenth larger, while crop receipts were down about 10 percent from January 1957.

Commodity Highlights

Fed cattle marketings in 1958 may be virtually as large as last year, but prices are likely to decline seasonally in the next several months to or below last year's level by early summer. Hog slaughter until next fall will not average much different from 1957, with prices likely to remain relatively high through the summer.

Milk production per cow on February 1 was 5 percent above the previous high a year earlier. Milk output in 1958 will probably be 1 to 1.5 billion pounds over the 1957 record. However, the increase in output is not likely to be enough to offset lower prices and cash receipts to farmers from sales of milk probably will be lower than last year.

Farmers plan to raise 6 percent more replacement chickens in 1958 than in 1957. But the number of layers in next fall's laying flock will not increase proportionately because of the larger than usual number of old hens due for replacement.

Cottonseed oil prices have risen since last fall and in mid-February were slightly above a year-earlier. Supplies were reduced because of the small cotton crop coupled with a relatively strong domestic demand and a strong demand from northern Europe.

Feed grain prices are expected to continue lower than a year earlier at least through the first half of 1958. The large amount of poor quality corn to be disposed of between now and next summer will continue to influence prices of corn and other feed grains during the next few months.

Cash wheat prices in mid-February were generally below the loan level and well below a year ago. However, prices may strengthen since "free" wheat supplies are likely to become relatively tight in the next few months.

Prices of oranges for fresh market at shipping points averaged considerably higher in January and early February than in this period of 1957, as supplies of oranges were cut severely by the December freeze.

In early February production of winter-season vegetables was estimated to be about 15 percent below last year, due principally to the damage to Florida crops from freezes and excessive rain. Prices are expected to average materially higher than a year earlier during the next six weeks.

The price support for 1958-crop upland cotton at a minimum level of 30.75 cents per pound was announced February 7 by the U. S. Department of Agriculture. The minimum level reflects 81 percent of the current parity price compared with 28.81 cents a pound for the 1957 crop, which reflected 78 percent of the parity price on August 1, 1957.

Prices received by domestic growers for shorn wool during January averaged 45.2 cents per pound, grease basis, 3.7 cents below a year earlier and 11.2 cents below the peak of last June.

The auction price for the 1957 burley tobacco crop averaged about 60.0 cents per pound, $5\frac{1}{2}$ percent less than the record 1956 average but above any other season.

GENERAL BUSINESS ACTIVITY

In spite of a decline in economic activity in the final quarter, gross national output in 1957 reached a new high, up 5 percent from 1956. Four fifths of the gain was due to higher prices. In the final quarter of 1957 total output declined $1\frac{1}{2}$ percent from the peak third quarter rate as businessmen reduced their investment in inventories and consumption expenditures declined slightly.

In January the rate of personal income was unchanged from December and retail sales seasonally adjusted, advanced to near the July-August peak. Production cut-backs reduced employment and raised unemployment, seasonally adjusted, to 5.8 percent of the civilian labor force, the highest rate since September 1954. Construction outlays continued at near record levels and Federal spending is scheduled to increase in the year beginning July 1, 1958. Prices received by farmers moved up while wholesale and urban consumer prices remained virtually unchanged.

Private Investment

Capital spending by businessmen for plant and equipment increased nearly 40 percent between early 1955 and the third quarter of 1957. This contributed substantially to the expansion of output and income in the last two years. In the final quarter of 1957 capital spending leveled out at close to the third quarter rate; however, reports on anticipated capital spending for the January-March quarter of 1958, indicate a decline of 5 percent.

Another major factor in the expansion of economic activity during the past two years has been the increase in inventory investment. After declining in 1954 inventories increased more than 4 billion dollars in both 1955 and 1956. In the first three quarters of 1957, there was a slight additional accumulation but in the last quarter inventory investment declined 3 billion dollars leaving inventories unchanged for the year as a whole.

The book value of manufacturing and trade inventories reached a peak in August and September but by December had declined to 90.8 billion dollars, down 500 million. Wholesale inventories since early fall have remained constant, but retail stocks rose by 100 million in this period. The decline in inventories has been concentrated in manufacturing, primarily hard goods which were down 600 million in December from the August peak. Other manufacturing inventories were down a little from their fall peak.

Private construction expenditures for 1957 were about the same as in 1956; declines in residential building, particularly during the first half, pulled residential construction down a billion dollars below 1956. Other construction increased a billion above 1956 as private institutional buildings (hospitals, schools and churches, etc.) and public utility construction each rose 14 percent. Outlays on industrial plants and farm building were up moderately while commercial buildings declined slightly. When the rise in building costs is taken into account, the volume of private construction declined a little more than 1 billion dollars. Higher wage rates accounted for most of the rise in construction costs, while building material prices remained unchanged.

In January construction outlays were at a seasonally adjusted annual rate of 48.5 billion dollars, down slightly from December and the October high but 3 percent above January 1957. Private construction outlays were 2 1/2 percent below December but slightly above January 1957. The main strength stemmed from record January levels of expenditures for public utilities, office buildings, churches and hospitals. Outlays for new private dwelling units were 3 percent below year-earlier levels. But new private nonfarm housing starts had begun to increase. They were 1,030,000 units on an annual rate basis in January, up substantially from the 970,000 rate in December and the 962,000 in January 1957. Industrial construction and store building declined 11 and 16 percent respectively from January 1957 levels. Public construction was up 6 percent over the January 1957 level.

Net demand of foreign countries for United States goods and services rose rapidly in 1956 and early 1957 due to increases in exports stimulated in part by the temporary closing of the Suez Canal. Since the first quarter of 1957 exports have slackened. However, export sales were one of the stimulating factors in the United States economy during most of 1957. Exports of coal, iron and iron scrap, steel products, non-electrical machinery, transportation equipment, and cotton piece goods were prominent among the materials for which exports provided an important support to supplying industries while domestic demand declined.

Government Expenditures

Government spending rose rapidly between mid-1956 and mid-1957. National security expenditures increased 4 1/2 billion dollars and State and local spending was up nearly 3 billion dollars. In the last half of 1957 government spending remained at approximately the second quarter level with gains in State and local spending offsetting a decline in national security programs of one billion dollars. The President's Budget released last month provides for a sustained rate of Federal spending for the first half of 1958 with some expansion in the fiscal year beginning July 1, 1958.

Consumer Income and Spending

Consumer incomes advanced through the first three quarters of 1957 carried forward by increases in wages and salaries, social security and other Government payments and higher interest income. As production and employment slackened in the fall wage and salary payments dropped, but higher unemployment benefit payments offset part of the decline. At year-end, consumer incomes were down 3 billion dollars, or 1 percent from the August-September level.

In January consumer incomes totaled 343.6 billion dollars, the same as December. Lower wage and salary payments were offset by higher dividends, unemployment benefit and social security payments.

Consumer expenditures and retail sales moved with consumer incomes during 1957, rising in the first nine months and declining in the final quarter of 1957. Consumption expenditures reached a peak of 283.6 billion dollars in the third quarter and declined a billion dollars in the final quarter to 282.5 billion dollars. Retail sales reached a high of 17 billion dollars in July and August and declined to 16.6 billion in November followed by a recovery to 16.9 billion in December.

In January, according to advance reports, retail sales seasonally adjusted rose further to 17.0 billion dollars, only slightly below the July-August high and 4 percent above January 1957. Durable goods store sales at 5.6 billion dollars recovered slightly from the November low, but they were still 1 1/2 percent below January 1957. Nondurable store sales at 11.4 billion dollars in January were up one percent from December and 7 percent above a year earlier.

Table 1.--Gross national product or expenditure 1956 and 1957 by quarters

Item	(Seasonally adjusted annual rates)									
	1956					1957				
	Bil. dol.	Bil. dol.	Bil. dol.	Bil. dol.	Year	I	II	III	IV	1/
Gross National Product	414.7	433.9	429.1	434.3						433.0
Personal consumption expenditures:	267.2	280.4	276.7	278.9						282.5
Durable goods	33.9	35.1	35.9	35.0						34.5
Automobiles and parts	14.6	15.7	16.3	15.5						15.6
Furniture and household equipment	14.8	14.7	14.9	14.9						14.1
Nondurable goods	133.3	140.0	137.3	139.1						141.0
Food excluding alcoholic beverages	71.3	75.4	74.0	75.5						76.1
Clothing and shoes	21.8	22.3	21.9	22.0						22.1
Services	99.9	105.4	103.4	104.9						107.0
Housing	32.8	34.5	33.9	34.3						35.0
Household operation	15.5	16.3	16.0	16.2						16.6
Gross private domestic investment:	65.9	63.6	62.7	65.0						61.0
New construction	33.3	33.2	32.8	32.7						34.0
Residential (nonfarm)	15.3	14.2	14.4	13.7						14.5
Other	18.0	19.0	18.5	19.0						19.5
Producers' durable equipment	28.1	30.4	30.7	30.5						30.0
Change in business inventories	4.6	2/	-.8	1.7						-3.0
Net foreign investment	1.4	3.3	4.1	3.5						2.5
Government purchases of goods and services	80.2	86.6	85.6	86.9						87.0
Federal 3/	47.2	50.5	50.3	51.1						50.0
National Security	42.4	45.7	45.5	46.3						45.2
Other	5.2	5.2	5.2	5.2						5.2
State and local	33.0	36.0	35.3	35.8						37.0

1/ Preliminary fourth quarter estimates by Council of Economic Advisers. 2/ Less than 50 million dollars. 3/ Less Government sales.
 Department of Commerce (except as noted).

Employment and Production

Total employment in 1957 averaged 65.0 million, or about 300,000 above 1956. Nonfarm employment at 58.8 million was up 650,000 but agricultural employment declined further in 1957. By the final quarter nonfarm employment failed to show any gain over year earlier levels for the first time in 2½ years. Unemployment in 1957 averaged 2.9 million 100,000 above 1956. In the final quarter, however, unemployment was running a half a million above the same period in 1956.

In January total employment at 62.2 million was 340,000 below a year earlier, and nonagricultural employment reached 57.2 million, 403,000 below January 1957. Declines occurred in most industries. Manufacturing employment, seasonally adjusted, at 16.0 million was down 300,000 from December. Most of the reduction in employment occurred in durable goods industries especially in automobiles and steel and to a lesser extent in fabricated metal and machinery. Nonmanufacturing employment at 35.8 million was up 100,000 from December as gains in retail trade and Government offset declines in the mining, trade, transportation and construction industries. Reports of employers to local public employment offices indicate that there is some possibility of the employment downturn easing by mid-March; however, there is apparently a considerable feeling of uncertainty among some employers regarding future production.

Total unemployment continued upward in January by 1 million to 4.5 million. This increase raised the seasonally adjusted unemployment rate to 5.8 percent of the civilian labor force and the highest since September 1954.

Average weekly hours of factory production workers declined to 38.7 from the 39.4 hours in December. Average hourly earnings continued at the record December level of \$2.10 but average weekly earnings at \$81.27 were \$1.47 below December.

Industrial production and manufacturers' sales during the first 7 months of 1957 fluctuated within a fairly narrow range a little below the peaks established at the end of 1956; however, between August and December production and sales were down 6 and 7 percent respectively. New orders declined throughout 1957 and in December were down 12 percent from a year earlier.

In January the index of production of factories and mines seasonally adjusted, declined further to 133 (1947-49 = 100) down 2 percent from December. The index in January was at the lowest level since January 1955. Sales of automobiles in January were close to a fifth below a year earlier, and with heavy dealer inventories of cars, production of most makes was cut back from December. The index for auto production was 127, 9 percent below December and 25 percent below a year earlier. Steel mills produced 6.7 million tons in January, 9 percent below the 7.4 million tons in December and 39 percent below the record level of 11.0 million tons in January 1957. The primary metals

index declined $7\frac{1}{2}$ percent to 100 during January. The production of the machinery and fabricated metal products industries continued to decline. Activity in the textile and apparel and chemical and petroleum groups declined slightly, while output of the rubber and food groups held steady. The index of production of minerals in January at 122 was unchanged from November and December.

Prices

Wholesale prices during 1957 remained approximately level during the first half but moved upward in the last half led by higher steel and farm product and food prices. In January wholesale prices at 118.7 (1947-49 = 100) inched up further from the December level of 118.5. Farm product prices rose to 93.6, up 1 percent from December, reflecting higher quotations for livestock, poultry, fruits and vegetables. Prices of eggs, fluid milk and grains declined from December to January. The processed foods index at 108.8 was up $1\frac{1}{3}$ percent due principally to higher prices for meat. The prices of industrial products in January at 126.0 remained virtually unchanged at only a fraction below the December level of 126.1.

Urban consumer prices in December were unchanged from the November level of 121.6 (1947-49 = 100), 3.1 percent higher than a year earlier. Food prices increased slightly following a three months' seasonal decline. The December food index at 116.1 was 2.8 percent above a year ago but 1.5 percent below the August 1957 high. Prices of meats, poultry, and fish were up more than 1 percent in December. Eggs dropped seasonally 2.7 percent, and fresh fruits were down 3.3 percent. Transportation costs declined largely due to reductions in dealers' selling prices of new and used cars.

Prices Paid by Farmers Continue To Rise

The index of prices paid by farmers, interest, taxes and wage rates rose 2 points to 301 (1910-14 = 100) in January, a new all time high as increases in feeder livestock prices, taxes on farm real estate, and mortgage interest were primarily responsible for the rise in the index.

The family living price index remained at the all time high of 289 first established in November 1957. The cost of household operation and food advanced while clothing prices declined. Higher meat prices were primarily responsible for increasing the food index.

Prices paid by farmers for farm production items advanced 1 point to 264 percent (1910-14 = 100) from December and $3\frac{1}{2}$ percent from a year earlier. Prices paid for feeder and replacement livestock continued to advance. The feeder and replacement livestock index was up 4 percent from the previous month and 30 percent from January 1957. Prices paid for new automobiles declined somewhat as discounts were offered on 1958 models.

Farm Prices Continue to
Rise; Parity Ratio Up

Prices received by farmers increased 2 percent to 247 (1910-14=100) in the month ended January 15, up nearly 4 percent from January 1957. Among live-stock and product prices, meat animals were up 5 percent to 306 (1910-14=100) from December and 21 percent above January 1957. Wholesale milk prices received by farmers averaged \$4.38 cwt., 3 percent below December and down slightly from a year earlier. Sharply higher prices were received by farmers for broilers, up a fifth in the last month, but eggs and turkeys were down more than seasonal.

Crop prices in the month ended in mid-January rose 3 percent to 225 (1910-14=100) the highest since September 1957 but 5 percent below a year earlier. Commercial vegetable prices received by farmers rose 39 percent to 334 (1910-14=100), the second highest of record for the month, as a result of crop damage in Florida and Texas which curtailed marketings. Potatoes, fruit and tobacco prices received by farmers also advanced during the last month. Feed grain and hay prices dropped 4 percent to 146 the lowest since March 1943.

With farm product prices advancing at a slightly faster rate in January than prices paid the parity ratio rose 1 percent to 82, the same as January 1957.

AGRICULTURAL EXPORTS

United States agricultural exports in the calendar year 1957 reached an all-time high. Total value of 4.5 billion dollars was 8.4 percent above the previous record of 4.2 billion set in 1956.

Table 2.--Agricultural Exports Calendar Years, 1956, 1957

Item <u>1/</u>	Unit	1956	1957	Percent change
Wheat and flour	Mil. bu.	466	477	2
Barley and malt	Mil. bu.	87	61	-30
Corn and meal	Mil. bu.	118	179	51
Oats and oatmeal	Mil. bu.	34	22	-35
Grain sorghums	Mil. bu.	55	22	-60
Above 4 feedgrains	Mil. sh. tons	7.4	7.6	3
Rice, milled	Mil. cwt.	17.9	14.6	-18
Cotton, excl. linters	Mil. bales	4.7	7.2	52
Tobacco, unmanufactured	Mil. lb.	510	501	-2
Lard	Mil. lb.	611	501	-18
Tallow	Mil. lb.	1,395	1,289	-8
Soybeans	Mil. bu.	69	88	28
Soybean oil	Mil. lb.	679	685	1
Cottonseed oil	Mil. lb.	607	412	-32
Total value	Mil. dol.	4,158	4,508	8

1/ Commodity totals exclude quantities exported "for relief and charity" by individuals and private voluntary agencies.

Bureau of the Census.

A 52 percent increase in exports of raw cotton, from 4.7 to 7.2 million bales (480 lb.) accounted for the bulk of the rise in the value of exports between 1956 and 1957. Relatively small changes in export volume were registered for wheat and flour, feed grains as a whole (although corn exports rose 50 percent), and tobacco. Rice exports declined by about one fifth, as did combined exports of lard and tallow. Exports of soybeans, at 88 million bushels set a new record, but vegetable oil exports were down due to a sharp decline in cottonseed oil.

Exports during 1958 are not expected to equal last year's record, although a strong foreign demand is indicated by reduced foreign grain production (table 3), and continued high foreign consumption of cotton and fats and oils.

FARM INCOME

Farmers' realized net income for 1957 is now estimated at 11.5 billion dollars, down from 1956 by a half billion dollars or 4 percent. With a wet fall and delayed marketings, inventories on hand at the end of the year increased substantially in comparison with the year before. As a result, farm operators' total net income (farmers' realized net income adjusted for inventory changes) rose 5 percent to 12.1 billion dollars. Average net income per capita in 1957, reflecting both the increase in inventories during the year and an 8 percent decline in the farm population, rose 10 percent to 993 dollars.

Realized gross income in 1957 was slightly above 1956 since smaller cash receipts from marketings were more than offset by an increase of 460 million dollars in Soil Bank Payments. An increase of nearly 600 million dollars in farmers' production expenditures accounted for the drop in realized net income.

Cash receipts from farm marketings in 1957 are estimated at 30.0 billion dollars, 1 percent less than the 30.4 billion dollars of 1956. The decline was due to a decrease in marketings which was not entirely offset by higher prices. Total receipts from livestock and products in 1957 were 17.1 billion dollars, 5 percent above the previous year. Crop receipts were 12.9 billion dollars, 9 percent less than in 1956.

Farmers received about 2.6 billion dollars from marketings in January of this year, about the same as in the corresponding month of 1957. Prices averaged nearly 4 percent higher than a year ago but marketings were down. Receipts from livestock and products were about 1.5 billion dollars, 10 percent more than in January 1957. Crop receipts were around 1.1 billion dollars, down about 10 percent.

Table 3.--United States and foreign production of selected commodities
selected years 1935-39 to 1957-58

Commodity	Unit	Area	Period				Change	
			1935-39:	1950-54:	1955-56:	1957-58:	1950-54 to 1957-58	1957-58 to 1957-58
Wheat	Mil. bu.	U. S.	759	1,094	935	1,004	947	25
	Mil. bu.	Foreign	5,341	5,896	6,490	6,813	6,648	24
Rice, rough	Mil. cwt.	U. S.	22	50	56	47	43	95
	Mil. cwt.	Foreign	3,684	3,872	4,224	4,338	4,302	17
Coarse grains								
2/	Mil. sh. tons	U. S.	87	114	124	124	127	46
	Mil. sh. tons	Foreign	173	175	199	207	193	12
Tobacco 3/	Mil. lb.	U. S.	1,460	2,204	2,193	2,181	1,684	15
	Mil. lb.	Foreign	5,159	5,427	6,293	6,423	6,676	29
Fats and Oils								
4/	Mil. sh. tons	U. S.	3.4	6.1	6.9	7.3	7.4	118
	Mil. sh. tons	Foreign	19.9	19.9	21.1	21.9	23.2	17
Cotton	Mil. bales	U. S.	13.1	14.1	14.7	13.3	11.0	-16
	Mil. bales	Foreign 5/	18.5	21.5	25.0	25.0	24.9	34

1/ Preliminary.

2/ Corn, barley, and oats.

3/ Farm sales weight.

4/ 22 Major vegetables, marine and animal fats and oils, including oil equivalent of oilseeds.
Data for calendar years 1935 through 1957.

5/ Does not include recent upward revisions of Chinese Communist output.

Foreign Agricultural Service.

LIVESTOCK AND MEAT

The inventory of cattle and calves on farms January 1, 1958 was down 1/2 million from last year. This was the second decrease from the record high set in 1956. Stock sheep numbers, on the other hand, increased this January for the first time since 1955. The index of all meat animals was down 1 point from a year earlier.

Most of the decrease in cattle numbers was in milk and beef cows, the inventory of which was 886,000 below January 1957. Numbers of milk heifers and calves fell slightly, those of "other" (beef) heifers and calves increased slightly, and steer numbers advanced 400,000 head or 4.4 percent.

Slaughter of cattle in 1958 is expected to be a little less than in 1957, as the cut-back in slaughter of cows and heifers that began late in 1957 is expected to continue. Fed cattle marketings for the year may be virtually as large as last year, and this spring may exceed a year earlier. Prices of fed cattle are likely to decline seasonally from their early-1958 high to a low in late spring or early summer. They may drop to or below last year's level by the latter date. Grass cattle prices seem likely to decline seasonally this summer and fall from a spring high.

Until fall, hog slaughter will not average much different from a year earlier. However, it may be up a little in late winter and early spring. Slaughter next fall will be larger than last fall as a result of a 6 percent increase in spring farrowings planned by producers. Prices of hogs may remain relatively high through summer, although a dip late this winter or early spring is possible.

Stock sheep numbers were up 852,000 on January 1, 1958 from a year earlier. As 8 percent fewer sheep and lambs were on feed, the increase in the total sheep inventory was 488,000. Slaughter in 1958 is expected to be less than last year, as rebuilding of sheep inventories continues. Lamb prices, currently above a year ago, are expected to rise seasonally during the next 2 or 3 months, although the gain may be limited by liberal supplies of fed beef.

Meat production in 1958 will likely be a little below 1957 as a gain in pork may not fully offset reduced beef output. Meat consumption per person is currently forecast at 154 pounds, down 5 pounds from the 1957 rate. Beef consumption will be about 4 pounds smaller but will include liberal quantities of the upper grades. Veal and lamb consumption also will be down. Pork will show a small rise over a year earlier, with most of the gain in the final months of 1958. Retail meat prices will likely average as high or higher than 1957. Seasonal declines are in view for higher grades of beef this spring and for pork this fall.

DAIRY PRODUCTS

Production of milk during January was 1 percent above the record for the month established a year earlier. The number of milk cows continued to decline, but production per cow showed a substantial gain over a year earlier. On February 1, the U.S. average production per cow was 5 percent above the previous high for February 1 established last year, and 25 percent above the 1947-56 average for February 1. All regions reported new record highs for February 1.

A continued favorable relationship between prices of milk and feed prices, together with ample supply of feed concentrates, has encouraged continued liberal feeding of milk cows by farmers. On February 1 the average amount of feed per cow was up 3 percent over the record set on February 1, 1957.

Milk prices are likely to stay above the 1947-56 average in relation to feed prices after they adjust to the lower price support levels scheduled for April 1. Based on the latest parity index, the decline would approximate 22 cents per cwt. for manufacturing milk and 2.6 cents per pound for butterfat. In terms of average prices to farmers, the reduction would be about 4 percent for all milk sold at wholesale as well as for butterfat.

Output of milk for the year as a whole probably will be 1 to 1.5 billion pounds over the 1957 record of 126.4 billions. The increase in output is not likely to be large enough to offset the lower prices and cash receipts to farmers from sales of milk probably will be lower than last year.

The total supply of dairy products for consumption in 1958 will be larger than in the preceding two years and the largest on record except for 1955. With the lower prices to farmers for milk and butterfat, slightly lower retail prices are likely for manufactured dairy products. Fluid milk prices in the central portion of the country are also expected to fall. The magnitude and duration of these price reductions will depend on trends in the costs of processing and distributing the milk products. Lower prices will tend to stimulate some increase in consumption. However the increase in total milk use per capita in 1958 probably will be less than 1 percent.

Even with a slight increase in consumption per capita, the commercial supply of dairy products in the marketing year beginning April 1, 1958, will exceed commercial outlets. Purchases by CCC however, are likely to be a little smaller than the 6.0 billion pounds expected to be purchased in the 12 months ending March 31, 1958. Commercial and CCC stocks of butter combined were larger than a year earlier on January 1 but not excessive in view of prospective outlets. CCC holdings of cheese and dry milk on January 1 were near those of a year earlier. Cheese continued to be a problem in distribution, but outlets for nonfat dry milk were adequate.

POULTRY AND EGGS

Farmers plan to raise 6 percent more replacement chickens in 1958 than the 34-year low of 394 million raised in 1957. This will not result in an equivalent increase in this fall's total laying flock, because of the greater than usual number of old hens in the laying flock this winter which will be replaced. On a per capita basis, egg production after September will probably be little more than a year earlier. Egg production is rising to a seasonal peak in March or April, but it will be smaller than in the spring of 1957, because the laying flock will likely continue about 4 or 5 percent lower than the year before. The mid-January price to farmers averaged 38.9 cents per dozen, almost 6 cents above last January. Although prices declined from mid-January to early February this year, prices in the next few months may rise as full-scale breaking and storing commence and the impact of the reduced production becomes evident. Egg prices declined through the spring last year, to a May-June low of 29.0 cents per dozen.

Broiler prices continue somewhat above a year ago, although lower than in mid-January when the U. S. average price was 19.9 cents per pound. The price a year earlier was 18.0 cents. Placements for January and February slaughter were about 10 percent above the year before. Slaughter may not have fully reflected this increase, because of the unusual broiler chick mortality reported in December. Other factors which may contribute to the recent price strength are the continued strong prices for pork and beef and the usual post-holiday up-turn in demand for broilers.

February and March are typically the months of farmers' smallest sales of turkeys. Mid-February prices are slightly above a year ago for hens, but below last year for toms.

OILSEEDS, FATS AND OILS

The supply of food fats in the marketing year which began October 1, 1957, based on current estimates of oilseed crush, will total 10.6 billion pounds compared with 10.7 billion last year. The slight decline in food fat supply mainly reflects reduced stocks. Output in 1957-58 probably will be about the same as last year. Crushings of soybeans are expected to total 330 million bushels. In addition, an estimated 90 million bushels of soybeans will be exported and another 40 million bushels of soybeans (equivalent to about 435 million pounds of oil) are likely to be on hand next September 30. The sharp drop in cottonseed oil output this marketing year is expected to be largely offset by greater lard and soybean oil production. Little change from a year earlier is likely in butter output but beginning stocks were moderately larger.

Exports of food fats for the current marketing year are estimated at 1.8 billion pounds compared with 2.0 billion pounds shipped abroad last year. Per capita disappearance probably will not change much from the 44.5 pounds (fat content) of last year. However, a small increase in total use is likely because of the rise in population. Carryover stocks of butter and lard on

October 1, 1958 may be slightly higher than a year earlier but those of the vegetable oils will be less. Total carryover of food fats on October 1, 1958 is expected to be about the same as a year earlier.

Farm prices of 1957 crop soybeans were stable during the heavy marketing months of October-January 1957-58, averaging \$2.05 per bushel, about equivalent to the national support loan level. Although the crushing and export continue at record levels, the crop this year was up much more than market outlets and current supplies continue large. Farm prices probably will continue near the support level in late winter and early spring.

Demand for soybeans through this marketing year probably will remain relatively good. The CCC sales policy with respect to 1957 crop soybeans acquired under the support program will maintain or strengthen prices later in the season. An adverse factor in the outlook for soybean prices this spring and summer is that meal supplies will be large enough to prevent much rise in meal prices. Soybean meal prices in January were at the lowest level in a decade.

Soybean oil prices through this winter and early spring are likely to continue lower than last year because of large supplies of soybeans available for crushing. The demand for soybean oil will be maintained by a heavy pick-up in purchases for export under P.L. 480, which so far have been running sharply below a year earlier. A foreign currency sales agreement with Turkey was signed on January 20, 1958 under which 120 million pounds of edible oils, were bought. Agreements with Spain, for about 260 million pounds, and Yugoslavia for 65 million pounds have been signed since then. Others are in prospect. Another factor is the sharply reduced supplies and relatively high prices for competitive cottonseed oil. The cotton oil situation will be tight before the 1958 cotton crop becomes available and stocks will be at a minimum. Another stimulant to the demand for bean oil is the short supply of flaxseed and linseed oil. Higher linseed oil prices make bean oil prices more competitive in the drying oils market, and the use of bean oil in non-food outlets is likely to increase. On the other hand, large supplies of lard at lower prices make it relatively more competitive for use in shortening.

Cottonseed oil prices have risen this fall and winter and in mid-February were slightly above the year-earlier level. Supplies were reduced, domestic demand was relatively strong, and demand from northern Europe for cottonseed oil continued strong. Soybean oil prices have been quite stable at a relatively low level, averaging about 15 percent below October-January 1956-57. As a consequence, the price differential between the two oils has been wider than normal. The margin is likely to continue relatively wide through the rest of the current crop year for cottonseed.

Lard output in this marketing year is forecast at 2,650 million pounds, up around 25 million pounds from a year earlier. The increase would come from higher yields of lard as little change from a year earlier is expected in hog slaughter. Total supply, however, is nearly the same as last year, as the larger output almost offsets smaller beginning stocks on October 1, 1957.

Export demand is down and prices are below last year. Lard prices through the 1957-58 marketing year are likely to remain under a year earlier as the slaughter of heavier hogs picks up momentum.

FEED

Record feed supplies and the high moisture content of corn have been major factors holding feed grain prices this winter substantially lower than a year earlier. Lower price supports and the relatively small percentage of farmers eligible for the full support rate on 1957 corn also have contributed to lower prices. Average prices received by farmers for feed grains declined 5 percent from November to January, with the mid-January index 23 percent lower than a year earlier. Prices of high-protein feeds averaged 8 percent lower this January than last and hay prices were down 17 percent. Feed prices are expected to continue lower than a year earlier at least through the first half of 1958. The large quantity of low grade corn to be disposed of between now and next summer will continue to depress prices of corn and other feed grains during the next few months.

Whereas corn prices usually reach a seasonal low in November, they declined into December and January this year, reflecting the lateness of the 1957 crop. The mid-January price of 93 cents per bushel was 30 cents lower than a year earlier and the lowest since February 1943. The average price of No. 3 Yellow corn at Chicago reached a low of \$1.09 per bushel for the week ended January 30, then strengthened in the first half of February. The relatively heavy receipts of high moisture corn this year have resulted in a greater than usual discount for the lower grades.

Stocks of the four feed grains in all positions on January 1 totaled 138 million tons, 14 percent larger than last year and a new record both in total tonnage and per animal unit. Total utilization of feed grains was a little heavier during October-December this year than last and is expected to continue heavier during the remainder of the 1957-58 feeding year. While the number of grain-consuming livestock to be fed during the year is only slightly higher than last year, heavier feeding per animal is expected. The total exports of feed grains are expected to continue large, probably exceeding the 7.3 million tons exported in 1956-57 by a million tons or more. Carryover of feed grains into 1958-59 is expected to increase to a record level of around 60 million tons, about a fourth larger than a year earlier.

Through January 15, farmers had placed record quantities of barley and sorghum grains under price support for that period and nearly a third more oats than in the same period of 1956-57. However, the 81 million bushels of corn placed under price support were much less than the 212 million in the same period last year, reflecting the lateness and high moisture content of the 1957 crop and the small percentage of the crop eligible for the full support rate. The total of 10.7 million tons of the four feed grains placed under price support through January 15 was about a fifth larger than a year earlier.

WHEAT

Supplies of "free" wheat are likely to tighten over the next few months. Of the 1,377 million bushels of wheat on hand January 1, 750 million were owned by the CCC. Also, as of January 15, about 207 million bushels were

under support and additional quantities were placed under support before the January 31, deadline. This leaves less than 420 million bushels as the "free" supply. This is less than estimated minimum disappearance for January-June consisting of 315 million bushels domestic and 125 million exports to come out of such supplies. The estimate of exports is based on total exports of 400 million bushels for the 1957-58 year, with 193 million exported in July-December. This supply situation indicates that increased loan redemption or sales of purchase agreement wheat will be required in the next few months.

Wheat prices have only partially reflected the prospects for tighter "free" supplies. Cash wheat prices at Kansas City and St. Louis continue generally below the net loan level and well below a year ago, although on February 20 they were still only about 2 and 5 cents respectively below the high for the season to date. Prices in Oklahoma and Texas have been high enough to encourage redemptions. In the hard winter wheat States of Kansas, Nebraska and Colorado, prices have been far below the repayment level.

The Kansas City price on February 20 for No. 2 Hard Winter, ordinary protein, at \$2.17 was 12 cents below the effective loan, while the price of No. 2 Red Winter at St. Louis was only 3 cents below the effective loan. On the other hand, the price for No. 1 Dark Northern Spring at Minneapolis of \$2.34 was just equal to the net support. The price of No. 1 Soft White sold at Portland on February 20 for \$2.24, 4 cents above the net loan. A year ago, prices at this market were 41 cents above the net loan, due to the unusually heavy demand for white wheat. The average price received by farmers in mid-January was \$1.90, which was 4 cents below a month earlier and 19 cents below a year ago.

FRUIT

With supplies of Florida oranges cut severely by the December freeze, prices at Florida shipping points for fresh market oranges averaged considerably higher in January and early February than in this period of 1957. Auction prices for these oranges also averaged much higher for most weeks than a year earlier. Although prices for oranges delivered to frozen concentrate plants continued lower during the period of intensive salvage operations than a year earlier, they increased considerably during late January. During early February as harvest of the early and midseason crop was nearing the end, they increased to a level much higher than a year earlier.

Auction prices for California oranges during January and early February also averaged considerably higher than a year earlier. The 1957-58 crops of California Navel and miscellaneous oranges, and Valencias are both substantially smaller than the 1956-57 crops, partly because of unfavorable weather last summer. Mainly because of the much lighter remaining supplies of both California and Florida oranges, fresh market prices for these oranges over the next few months can be expected to continue above year-earlier levels.

Shipping-point prices for Florida seedless grapefruit continued higher in January and early February than in this period of 1957. Prices for seeded grapefruit averaged lower over much of January than a year earlier, but by mid-February averaged higher than a year earlier, when they declined. Freeze damage to grapefruit was less severe than to oranges. With remaining supplies of grapefruit much smaller than a year ago, prices generally are likely to average above year-earlier levels.

Utilization of Florida oranges for processing has been so heavy since the December freeze that only about 3 million boxes of the early and mid-season crop remained on February 14. A year earlier, over 11 million boxes remained from the larger crop. Over 1 million boxes of Florida Valencias from the reduced 1957-58 crop had been utilized by February 14, but market supplies probably will not become seasonally heavy until March. Output of Florida canned single-strength orange juice by February 8 of the 1957-58 season was about 34 percent larger than a year earlier; that of frozen orange concentrate was up 5 percent. Packers' stocks of canned juice were up 38 percent, but those of the concentrate were down 7 percent. Utilization of Florida grapefruit to February 14, 1958 was about 12 percent larger than a year earlier. Remaining supplies were about 11 million boxes, 7 million smaller than a year earlier.

With year-end cold-storage stocks of apples much larger than last winter, prices received by growers for apples, on a national average basis, in mid-January 1958 were considerably lower than the relatively high level a year earlier. In late January and early February, prices for a number of leading varieties at important shipping points held fairly steady. Movement of apples from cold storage was much heavier during January than during this month of 1957. Stocks on February 1 were about one-fourth larger than a year earlier. Early-season exports of both apples and pears have been considerably larger than the 1956 crops, and the outlook for exports during the first half of 1958 continues good.

Auction prices for D'Anjou pears, the principal variety on the market during winter, averaged a little higher during January and early February than in this period in 1957. Prices in early February held fairly steady. But prices for the Bosc variety, which continued to be sold in large volume, in January averaged much lower than a year earlier. Cold storage stocks on February 1, 1958 were somewhat smaller than a year earlier.

Supplies of strawberries from the Florida winter acreage have been much lighter this winter than a year ago as a result of freezes in December, January and early February. Total supplies are expected to continue light until harvest of the early spring crop, which usually starts in March. Most of the early spring crop is grown in Louisiana.

COMMERCIAL VEGETABLES

For Fresh Market

Indications in early February point to smaller supplies of vegetables for fresh market this winter than last. Florida crops, seriously damaged by the December 12 and 13 freeze have suffered repeated damage from excessive rains and cold in January and further freeze damage in February. After allowing for the Florida freeze of February 4 and 5, production of winter-season vegetables was expected to be about 15 percent smaller than last winter. Shipments of Florida vegetables since mid-December have been less than half those of a year earlier, and will continue very light during the next six weeks. Among the more important winter vegetables, snap beans, sweet corn, tomatoes, green peppers appear to have suffered the greatest damage. But production of other vegetables in Florida is also down, along with carrots in Texas and California, and cauliflower in Texas. Imports of vegetables from Cuba and Mexico are expected to be substantially heavier than the relatively light volume of last winter but not nearly enough to offset the decline in domestic production. Demand is expected to continue strong, and during the next 6 weeks prices are likely to average materially higher than those of a year earlier.

Early estimates indicate substantially larger crops of early spring broccoli and early spring cauliflower this year than last and moderately larger for spring shallots. Although no production estimates are available, acreage of spring cabbage is up slightly, onions up 9 percent, and late spring watermelons down slightly.

For Processing

Indications are that the supplies of both canned and frozen vegetables available for distribution into mid-1958 are about as large as a year ago, and substantially larger than the 1949-55 average.

All major canned items appear plentiful, with sweet corn, green peas and snap beans in near-record supply. Among frozen items, holdings of asparagus, sweet corn, mixed vegetables, green peas, mixed peas and carrots, french fried potatoes and spinach were materially larger than a year earlier. Holdings of frozen broccoli, cauliflower and brussels sprouts were substantially smaller and lima beans and snap beans moderately smaller.

POTATOES AND SWEETPOTATOES

Stocks of potatoes held by growers and dealers in the 26 fall producing States on February 1 amounted to about 67 million hundredweight, almost 12 million less than a year earlier. Estimated production of potatoes for winter-season harvest, in early February was 5.0 million hundredweight, 1.8 million less than last winter. Also, indications are that production of potatoes for spring harvest is likely to be somewhat smaller this year than last. Prices

are expected to average materially above the low levels for the corresponding months of 1957.

Sweetpotatoes appear to be in fairly light supply. During the early part of the season, relatively heavy shipments from areas which market most of their sweetpotatoes at or soon after harvest held prices below year-earlier levels. From mid-December, however, weekly shipments have been below those of the previous season and prices have averaged higher. With continued light supplies in prospect, prices are expected to advance into the spring and are likely to average above those of a year earlier.

COTTON

Ginnings of the 1957 cotton crop through January 15 totaled 10.6 million running bales. Based on the December 1 estimate, this is 97 percent of the crop, the lowest percentage since 1951. The staple length of cotton ginned through January 15 was about the same as last year (32.7 thirty-second inches), but the grade averaged the lowest in 12 years. About one third of the crop consists of spotted and other colored cotton compared with 18 percent of the 1956 crop.

As of February 5, over 80 percent of the 3.7 million bales of 1956 crop upland cotton recently added to the CCC sales catalog had been sold; about 1 1/2 million bales each for export and unrestricted use. Altogether by February 5 CCC had sold about 5.4 million bales for export during the 1957-58 season. Actual exports from August 1 through December 31 totaled 2.4 million bales. This equaled about 80 percent of last year's exports during the similar 5 months period. The comparative rate of exports is expected to slow down, and exports for the season are estimated at about 5.5 million bales or about 30 percent below last year.

Domestic mill consumption for the 1957-58 season is estimated at around 8 million bales compared with 8.6 for last year. The total consumption from August through December 1957 was less than 3 1/2 million bales--a postwar low. The average daily rate of mill consumption during December, 28,564 bales, was 9 percent below a year ago. The ratio of cotton broadwoven goods stocks to unfilled orders at the mill remains high, indicating a continued relatively low rate of mill consumption for the next few months.

Disappearance for the 1957-58 season thus is estimated at around 13.5 million bales. Deducting this from the total supply of 22.3 million bales indicates a carryover for the end of the season of about 8.8 million bales, 2.5 million below a year earlier.

Spot market prices have shown relative stability in recent weeks. The January average price at 14 spot markets of 34.83 cents per pound compared with 34.89 cents in December. A relatively minor decline was evident during the first two weeks of February. Discounts for grades of upland cotton with a staple length of 1 inch or less have widened in recent months while the

premiums for the longer staple have generally narrowed. Prices received by farmers have trended steadily downward. The average for January was 27.37 cents, the lowest since January 15, 1950, reflecting the marketings of low grade cotton caused by excessive rains.

Price support for 1958-crop upland cotton at a minimum level of 30.75 cents per pound, gross weight, basis Middling 7/8-inch at average location, was announced February 7 by the U.S. Department of Agriculture. This level of support reflects 81 percent of the current parity price of 37.96 cents per pound for upland cotton.

The support level for 1958 crop of upland cotton was based on an estimated total supply of 20.5 million running bales, consisting of a carryover of nearly 8.6 million bales and a 1958 crop of about 11.9 million bales plus imports of 100,000 bales. Total disappearance in 1958-59 is estimated at 12.7 million bales including domestic consumption of 8 million bales and exports of 4.7 million bales. The minimum support level of 30.75 cents per pound for the 1958 crop of upland cotton compares with 28.81 cents per pound for the 1957 crop, reflecting 78 percent of the parity price as of August 1, 1957. The schedule of premiums and discounts containing the difference between the level of support for Middling 7/8 inch and all other qualities of the 1958-crop upland cotton will be announced later.

Plantings of the 1958 crop began February 1 in the lower Rio Grande Valley. The minimum acreage allotment for the 1958 crop is 17.6 million acres. Through January 31, 3.4 million acres had been placed in the Acreage Reserve of the Soil Bank. An additional 1.3 million acres had been offered for sign-up by farmers but available funds were exhausted. The deadline for accepting applications ended February 20, 1958.

WOOL

Domestic shorn wool production may be up a little this year. The number of stock sheep on farms and ranches on January 1 was 3 percent larger than a year earlier.

Early in February, prices of wool at the Australian auctions were from $2\frac{1}{2}$ to 5 percent or 3 to 8 cents per pound, clean basis, higher than at mid-January. They were from 15 to 35 cents lower than a year earlier. Boston quotations for most domestic wools were the same as at mid-January.

Prices received by domestic growers for shorn wool during January averaged 45.2 cents per pound, grease basis, 3.7 cents lower than a year earlier and 11.2 cents lower than last June, when they were at the peak of an advance which had extended over a year and a half. The average has declined each month since last June. January was the second month of the 1957-58 domestic marketing season for which the average was below a year earlier.

Use of apparel wool by domestic wollen and worsted mills last year was about 18 percent or 54 million pounds, scoured basis, lower than in 1956. It was the lowest since 1938. The seasonally adjusted rate of apparel wool consumption along with other fibers began to decline in mid-1956. Trade reports suggest one factor in the decline was a reduction of inventories of woolen and worsted products in manufacturing and distribution channels as a result of the sharp advance in wool prices and high interest rates last year and early this year. The advance in wool prices, with prices of manmade fiber relatively stable, apparently encouraged the substitution of such fiber for wool for some items. The relatively high wool prices also may have added impetus to the trend to lighter-weight fabric. The decline in economic activity and reduction in consumer purchasing power has been a factor in recent months.

Use of 60's and finer wool was down 24 percent last year while use of coarser wool was down 11 percent. Use of other fiber in worsted combing and in woolen spinning of yarn other than carpet last year was down only 5 million pounds or 2 percent, with use of manmade fiber up 15 percent and use of reused and reprocessed wool and other fiber down 8 percent.

Domestic mill use of carpet wool last year was about 10 percent below 1956 and the lowest since 1954. Use of other fiber in the spinning of carpet and rug yarn by woolen mills was down only 3 percent, with use of manmade fiber down 6 percent and use of reused and reprocessed wool and other fiber up 2 percent.

Imports of dutiable wool for consumption during January-November 1957 were down 23 million pounds, clean content, or 24 percent from 1956. Imports of duty-free wool for use in the manufacture of floor coverings were down 21 million pounds or 16 percent.

TOBACCO

Marketings of the 1957 tobacco crop, except Maryland, have been largely completed. Most of the 1957 crop Maryland will be auctioned between May and August.

The 1957 burley crop averaged about 60.0 cents per pound--5½ percent less than the record 1956 average but above any other season. Only about 3.4 percent of the 1957 crop was placed under Government loan. Burley receipts under loan in each of the past two seasons have been far less than in previous years.

The 1957 crops of Virginia type 21 and Kentucky-Tennessee type 22 fire-cured averaged 38.8 cents and 36.2 cents per pound at auctions, both a little below a year earlier. The 1957 auction prices of Kentucky-Tennessee type 23 fire-cured have averaged 34.8 cents per pound, about 2 cents more than a year ago. Compared with a year earlier less of types 21 and 23 but consider more of type 22 went under loan.

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The 1957 crops of Kentucky-Tennessee dark air-cured types 35 and 36 averaged 36.7 and 34.4 cents per pound at auctions. This is only a little above a year earlier for type 35 but 15 percent higher than last season for type 36. Placements under Government loan were less than a year earlier but still around 15 percent of market deliveries. The 1957 Virginia sun-cured type 37 crop brought about 34.0 cents per pound about $1\frac{1}{2}$ cents below the record 1956 average.

The Department of Agriculture announced the 1958 acreage allotments for several kinds of tobacco in late January. For burley, Virginia sun-cured, Ohio cigar-filler and Wisconsin cigar-binder tobaccos, the allotments will be about the same as in 1957. Allotted acreages for fire-cured, dark air-cured and Connecticut Valley cigar-binder tobaccos are about 10 percent less than the 1957 allotments. The 1958 allotment for flue-cured was announced last November 25 and for Maryland tobacco on January 10; both stay about the same as last year.

Calendar 1957 cigarette output at 442 billion was 4 percent above 1956 and a record high. Cigar output (including bonded manufacturing warehouses and those from Puerto Rico) at $6\frac{1}{4}$ billion during 1957 was $2\frac{1}{2}$ percent above 1956. Calendar 1957 output of smoking tobacco at $70\frac{1}{2}$ million pounds and chewing tobacco at nearly $72\frac{1}{2}$ million pounds were 1.4 and 4.4 percent lower than in 1956. The 1957 output of snuff at 36.2 million pounds dropped 4 percent below 1956.

The 1957 exports of unmanufactured tobacco totaled 501 million pounds valued at 359 million dollars compared with 510 million pounds valued at 333 million dollars in 1956. The 1951-55 average was 486 million pounds valued at 315 million dollars. The declared value of leaf exports in 1957 was a record high due in part to the increased prices for flue-cured tobacco last marketing season.